

# Financial Principles and Policies

Financial planning and management are vital elements for effective operations, and they underlie all District programs and services. As Florida's largest water management agency, the District has a responsibility to taxpayers to account for public funds properly. To ensure fiscal responsibility when making decisions and recommendations, the District developed the Principles of Sound Financial Management and other financial policies. The following 16 principles and policies reflect the core beliefs found in the Principles of Sound Financial Management, as well as the methods by which the District conducts business:

## Financial Planning Policies

### 1. Strategic Financial Planning

- The District shall incorporate strategic planning into its financial strategies.
- The District shall measure actual results of its strategic financial plans against scheduled activities and indicators, as these measurements improve forecasting and provide a means of revising goals and objectives.

#### FY2005 Status

In 2004, the District developed the Strategic Plan for the next 10 years. This plan forms a framework for fiscal decision-making and allocation of funding resources that indicates the District's financial capabilities to achieve its goals and objectives. The Strategic Plan includes success indicators, deliverables and milestones by which program performance will be evaluated.

### 2. Capital Projects Plan

- The District shall adopt a five-year capital projects plan on an annual basis.

#### FY2005 Status

The five-year Capital Improvements Plan is updated each year. A summary of the FY2005 plan is included in the Long-Range Plans section of this document.

### 3. Fiscal Plan

- The District shall adopt an annual operating budget.
- Key performance measurements and productivity indicators for the budget year shall be included in the plan.

#### FY2005 Status

A financial plan has been prepared that includes projected revenues and expenditures for District programs over the next 10 years. A summary of this plan is included in the Long-Range Plans section of this document. Also developed were work plans that include projects, objectives and success indicators tied to the FY2005 budget. These plans are updated annually.

### 4. Balanced Budget

- The District shall annually adopt a balanced budget in which operating revenues are equal to or exceed operating expenditures.
- Any increase in expenses, decrease in revenues or combination of the two that would result in a budget imbalance would require budget revision, rather than spending unappropriated surpluses or designated reserves to support ongoing operations.

#### FY2005 Status

The FY2005 budget is balanced with available revenues.

### 5. Asset Inventory

- Current and accurate fixed asset physical inventory records shall be maintained by conducting annual physical inventories.

#### FY2005 Status

Information regarding asset condition, scheduled maintenance, useful life and repair costs was used by management to make informed repair or replacement decisions, to prepare the Capital Improvements Plan budget and to generate reasonable estimates of repair and maintenance costs for the current operating budget.

## Revenue Policies

### 6. Revenues

- The District shall maintain a diversified and stable revenue base. Existing and potential revenue sources shall be reviewed annually for stability, equity, efficiency and capacity to finance future operations.
- Revenues shall be estimated by an objective, analytical process that recognizes the sensitivity of each revenue source to different factors.
- Ad valorem tax levies shall not exceed statutory millage rates.

#### FY2005 Status

Projected FY2005 tax revenue represents 47.4 percent of the total budget. State and federal revenues, permit fees, the Everglades Agricultural Area privilege tax, grants and other sources make up the remaining 52.6 percent.

## 6. Revenues Continued

- Whenever authorized and appropriate, user fees and charges shall be established to recover the full costs of all or a portion of programs and services, and lessen the burden of taxation.
- The District shall pursue intergovernmental financial assistance for programs and activities that address a recognized need, and are consistent with the District's mission and long-range objectives.

## 7. Cash Management and Investment

- The District shall maximize its cash position.
- The District shall accelerate collections and control disbursements to optimize cash availability.
- The District shall meet its financial obligations on a timely basis in order to maintain public trust and productive relations with employees, suppliers and contractors.
- The District shall develop monthly cash flow projections, which help formulate investment strategies for the most effective use of District resources.
- Funds shall be managed in a prudent and diligent manner that meets the criteria of legality, safety, liquidity and yield, in that order of importance.

### FY2005 Status

Cash flow projections are created monthly to time revenues with expenditures and match investment activity with expected liquidity needs. All available cash is invested to ensure the highest returns available. Reports on investments and cash flow are distributed to management every month and to the Governing Board every quarter. Presentations on investment activity, rate of return and overall performance are made to the Board twice annually.

## Expenditure Policies

## 8. Internal Control

- The District shall maintain an effective system of internal controls.
- The District shall establish and maintain a financial structure, with defined classifications of expenditures, consistent with Florida Statutes (F.S.) 373.536 and 200.065, and Generally Accepted Accounting Principles.

### FY2005 Status

The District controls, adopts and reports expenditures by fund, resource area and major object group.

## 9. Disbursements

- Disbursement of District funds must be for a legitimate purpose and within budgetary limits.
- District checks shall bear the signatures of the treasurer and the Governing Board Chair or Vice Chair.
- Payment for District contracts and purchase orders are contingent on evidence of the receipt or acceptance of the specific deliverables.

### FY2005 Status

No irregularities were reported by external auditors during the annual financial audit.

## 10. Debt Management

- The Governing Board of the District adopted a debt management policy in May 1993. The policy directs the District to do the following:
  - Exhibit purposeful restraint in incurring debt
  - Strive to achieve and maintain the superior bond rating of AAA for its obligations, which facilitates favorable borrowing costs
  - Follow a policy of full disclosure in all financial reports and official statements issued for indebtedness
  - Refrain from issuing short-term debt that requires repeated annual appropriation
  - Long-term debt shall not exceed the estimated life of the capital assets financed and shall not be used to finance current operations or normal maintenance
- The District shall project debt requirements on a five-year basis to facilitate better short-term decisions in light of other priorities that may arise, and to examine the longer-range implications and effects of debt issuance

### FY2005 Status

The current debt policy is under revision. Please see the Debt Summary at the end of this section.

## 10. Debt Management Continued

- The District shall generally target its debt burden at the following benchmark levels, which are self-imposed boundaries and not statutorily established levels of acceptance:
  - The net debt per capita shall not exceed \$50
  - The ratio of debt service to total governmental funds expenditures shall not exceed 15 percent
  - The debt-to-capital asset ratio shall not exceed 30 percent

## 11. Reserves

- The District shall maintain reserves to provide the ability to address emergencies without short-term borrowing. The economic stabilization reserve should be at least 5 percent of the previous fiscal year's actual revenues from all sources of ad valorem tax-supported funds. Budgeted contingency appropriation is not to exceed 1 percent of the budgeted revenues for each ad valorem tax-supported fund.
- The District shall also maintain reserves required by the Generally Accepted Accounting Principles, such as for debt services and encumbrances.

### FY2005 Status

For FY2005, the economic stabilization reserve is \$13.7 million, the reserve for encumbrances is \$177 million and the contingency reserve budget is \$3.6 million.

## Other Financial Principles

### 12. Procurement and Contracting

- The District shall promote maximum value for products and services acquired through an open, competitive and accountable process.
- The District shall maintain procedures for centralized procurement and contracting to guard against fraud, waste and favoritism.
- The District shall prescribe standards, specifications, coordination and operating procedures for fair and open competition, which are essential to securing public confidence that procurement and contracting are awarded equitably, economically and efficiently.

### 13. Accounting and Financial Reporting

- The District shall provide consistently useful, timely and accurate financial information for reporting, analysis and decision-making.
- The District shall report accounting and financial information that is in accordance with Generally Accepted Accounting Principles, and is consistent with regulatory requirements.
- In the spirit of full disclosure, the District shall prepare a Comprehensive Annual Financial Report (CAFR), pursuant to the principles and guidelines established by the Government Finance Officers Association.

### 14. Independent Audit

- The District shall provide for an annual independent audit of its financial statements. This provides evidence of the District's financial accountability to the public and other interested parties.

### 15. Internal Audit

- The District shall maintain an internal audit function. This function provides an independent appraisal of the operations and controls within the District to determine whether risks are identified and reduced, policies and procedures are followed, established standards are met, and resources are used efficiently and economically.

### 16. Business Ethics

- The District shall conduct all business affairs in accordance with the highest levels of legal and ethical standards. A commitment to ethics is among the most valuable assets the District can possess, as it protects the agency's strengths of credibility and trust.

## Annual Budget Statutory Requirements

The District's annual budget is prepared and adopted in accordance with F.S. 200.065 and 373.536. The District's fiscal year, created under the provisions of F.S. 373.536, extends from October 1 of one year through September 30 of the following year.

The millage rate is levied pursuant to F.S. 200.065. Ad valorem tax levels do not exceed the statutory millage rate of 0.800 mills. Within 35 days of taxable-values certification, the District advises the property appraiser of its proposed millage rate, its rolled-back rate, and the date, time and place at which a public hearing will be held. The Governing Board conducts this meeting, which takes place no earlier than 65 days and no later than 80 days after the certification of value, to discuss the tentative budget and millage rate.

On or before July 15 of each year, the District budget officer submits a tentative budget to the Governing Board. The budget covers proposed operations and funding requirements for the ensuing fiscal year. Within 15 days after the meeting at which the tentative budget is adopted, the District advertises its intent to adopt a final millage rate and budget. The resolution states the percent, if any, by which the millage rate to be levied exceeds the rolled-back rate.

The final adopted budget for the District is the operating and fiscal guide for the ensuing year. Transfers of funds, however, may be made within the budget by the Governing Board at a public meeting.

### Summary Budget Development Guidelines

The following general budget parameters and guidelines were adhered to during the development of the FY2005 budget:

- District millage rates were not increased.
- Full-time permanent staffing levels remained the same as the prior year. Existing staff was examined and redirected as needed, based on strategic priorities. The budget includes a 4 percent merit increment.
- Leased positions were reduced by 13.
- Non-ad valorem revenue was targeted to fund items wherever possible, and grant opportunities were reviewed to ensure consistency with program goals and objectives.
- Program coordinators completed 10-year Strategic Plan templates that included goal statements, program descriptions, strategies, success indicators and projected deliverables or milestones.
- Program coordinators gathered input from project managers, functional unit directors and business operations analysts to develop their annual work plans. These work plans were based on the Strategic Plan and the funding target for each program.
- Budget requests and allocations were linked to program objectives and success indicators in the work plans, which were previously approved by the Governing Board.
- Contract justification forms were completed for each contract.
- Operating costs were inflated by 2 percent, based on the consumer price index.
- New fleet requests were justified and all comparable vehicles were shown to be fully utilized.

### Modifications to the Adopted Budget

The legal level of budgetary control is at the fund level. The District controls its budget by major object level within a fund and department. This is the lowest level at which management may not reallocate resources without approval of the Governing Board. Examples of major objects are personnel, operating expenditures, capital outlay and debt service.

Required changes to the budget may be made by budget amendments or budget transfers. These two processes are discussed below.

#### Budget Amendments

A budget amendment is defined as any action that increases or decreases total appropriated fund amounts (e.g., spending authorizations) in the District's adopted budget. Budget amendments could be caused by various reasons, such as:

- The discovery of more accurate information after the budget was adopted
- Modified operating requirements (e.g., transfer of budget authority between funds)
- Year-end accounting adjustments (e.g., aligning projected budget authority with actual revenues received and expenses incurred)

Budget amendments must follow strict statutory guidelines. The intent to amend the budget must be published in the notice of the Governing Board meeting at which the amendment will be considered and potentially receive approval.

### Budget Transfers

Budget transfers are defined as any action that changes the budget amount associated with a department, as adopted by the Governing Board. Budget transfers change budget amounts from one department to another. It is important to note that budget transfers, unlike budget amendments, do not change total overall budget appropriation levels. Budget transfers may be processed by action of the Governing Board.

### Budget and Finance Advisory Commission

In May 1995, the Governing Board created an independent Budget and Finance Advisory Commission, which is actively involved in the District's annual budget development process. The commission is currently comprised of six individuals from the private and public sectors. Commission members are appointed by the current Governing Board members and report directly to the Governing Board on budget and finance issues.

On May 12, 2004, the commission presented their observations and recommendations to the Governing Board regarding the FY2005 budget and potential budgetary impacts. The group's annual report focused on six major areas: capital structures repair and replacement, land acquisition and bonding, alternative water supply funding, information technology, District employee benefits, and outsourcing.

## Budget Philosophy and Process

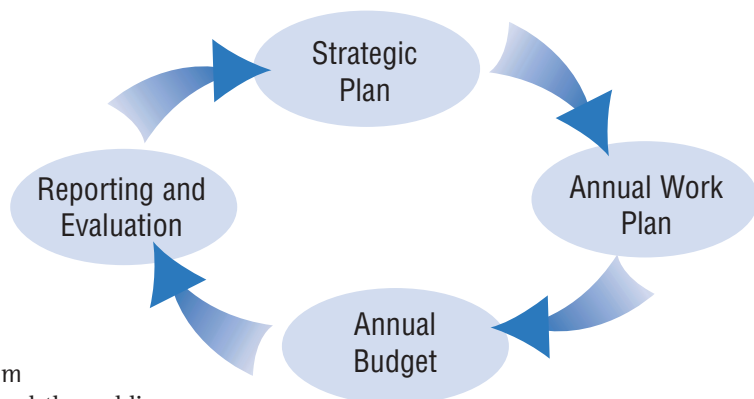
### Philosophy

The District uses a programmatic, outcome-oriented approach when developing and presenting its budget. This budgeting method is based on program performance, and emphasizes the link between strategic plans, program goals and objectives, outcomes, and annual funding allocations. The process requires close communication between program coordinators and functional units; awareness of agency strategic goals, objectives and outcomes; identification of strategies to achieve these outcomes; and the development of performance measures.

The organization's broad mission and mandates were organized into 10 programs for which long- and short-term goals, objectives and success indicators were established. This allows for a more thorough review and understanding of major District functions and programs. It also allows for better programmatic comparisons and choices regarding the allocation of limited resources.

### The Business Cycle

The Governing Board sets the District's overall direction and establishes the priorities that form the agency's Strategic Plan. The 10-year Strategic Plan provides a foundation for annual development of the Work Plan and the budget, which together map the path to achieving the District's goals and mission. Development of these planning tools requires a coordinated effort by state officials, the Governing Board, executive management, program coordinators, other agencies, stakeholders, staff and the public.



The District's annual business cycle process links the priorities identified in the Strategic Plan, through the Work Plan, to the budget. After Governing Board approval of the Strategic Plan, work plans and budgets are developed for each of the 10 District programs. After initial implementation, program achievements are evaluated quarterly and the results are incorporated into the Strategic Plan when updated the following year.

### Step 1: The Strategic Plan

In December 2003, the Governing Board endorsed a long-range funding plan for the strategic priorities that were the backbone of the Strategic Plan. The funding plan included a 10-year financial forecast estimating revenue growth from key sources and identifying strategic uses of that revenue.

### Step 2: The Annual Work Plan

The annual Work Plan “drills down” from the high level of the Strategic Plan to the detail of major project accomplishments planned for the fiscal year. The Work Plan highlights priorities and inter-relationships between the 10 programs. Program resource requests were evaluated not only on their achievability but also on their ties to projects included in the annual Work Plan. Major projects and their expected success indicators are detailed in the final Work Plan, along with staffing and funds for the projects.

The Capital Improvements Plan is a companion document that was developed simultaneously with the budget. The plan includes a five-year capital project forecast and a detailed description of planned capital activities that support the Governing Board’s strategic priorities for the fiscal year. The first year of this plan was adopted by the Governing Board as the FY2005 capital budget.

*See the Long-Range Plans section for more information on the Capital Improvements Plan.*

### Step 3: The Annual Budget

The completed Work Plan guided development of the budget, which was approved by the Governing Board in September 2004. The budget supports all the major projects and strategic priorities outlined in the annual Work Plan. This ensures the connection between the high-level Strategic Plan, the Work Plan and the budget, and provides the means to verify that financial and human resources are focused on the District’s most important goals and objectives.

### Step 4: Evaluation and Reporting

The last phase of the annual cycle involves evaluation of Work Plan implementation and the reporting of results. Staff members present quarterly progress reports and key financial measurements to executive management and the Governing Board. This provides District leadership with an internal management tool to guide resource allocation decisions and serves as a catalyst for the FY2006 annual cycle. After review of staff reports, management provides quarterly status reports to the Governing Board regarding completion of major projects.

## Budget Development Process

The following are key FY2005 budget development milestones:

#### December 2003

- Executive management and staff attended a planning retreat at which they discussed the District’s strategic direction and prioritized the allocation of discretionary revenues.

#### January 2004

- Strategic Plan development began.
- Managers received templates designed to assist them with compiling information for Strategic Plan development.

#### February 2004

- Program coordinators began developing annual program work plans and met with project coordinators to discuss expected outcomes.
- A budget development kick-off meeting was held, at which guidance was given and timelines were distributed.
- The internal budget development process began.



March 2004

- A Governing Board workshop was held to discuss 10-year strategic priorities, the Work Plan and major projects, such as the Everglades Construction Project and the Comprehensive Everglades Restoration Plan.
- Program coordinators developed resource allocations for the proposed budget.

April 2004

- The 10-year Strategic Plan was presented to the Governing Board.
- Management discussed the Strategic Plan and Work Plan with program coordinators, budget analysts and other staff.
- Executive management discussed program tradeoffs and approved the Work Plan and program targets.
- Program coordinators and staff began entering funding requests for Work Plan projects into the budget software system on April 7.
- Budget submissions were due for review by budget analysts on April 23.
- Budget analysts conducted a technical review of the proposed budget.

May 2004

- The Governing Board adopted the 10-year Strategic Plan.
- The draft Work Plan and budget was presented to the Governing Board.
- Finance Advisory Commission recommendations were presented to the Governing Board.
- Seven public forums were held to solicit input from the public on the preliminary budget.
- Management reviewed and finalized the proposed programmatic budget.

June 2004

- Property appraisers for the 16 counties in the District provided taxable value estimates.
- The Governing Board adopted the Work Plan.
- The FY2005 proposed budget was presented to the Governing Board.
- District management and staff briefed the governor's office on the Strategic Plan, the Work Plan and the proposed budget.

July 2004

- Property appraisers for the 16 counties in the District provided certification of taxable values.
- The Governing Board adopted proposed millage rates that are in compliance with Truth in Millage (TRIM) requirements.
- The District submitted the proposed budget to the Florida Department of Environmental Protection, the legislature and the governor's office for review and approval.

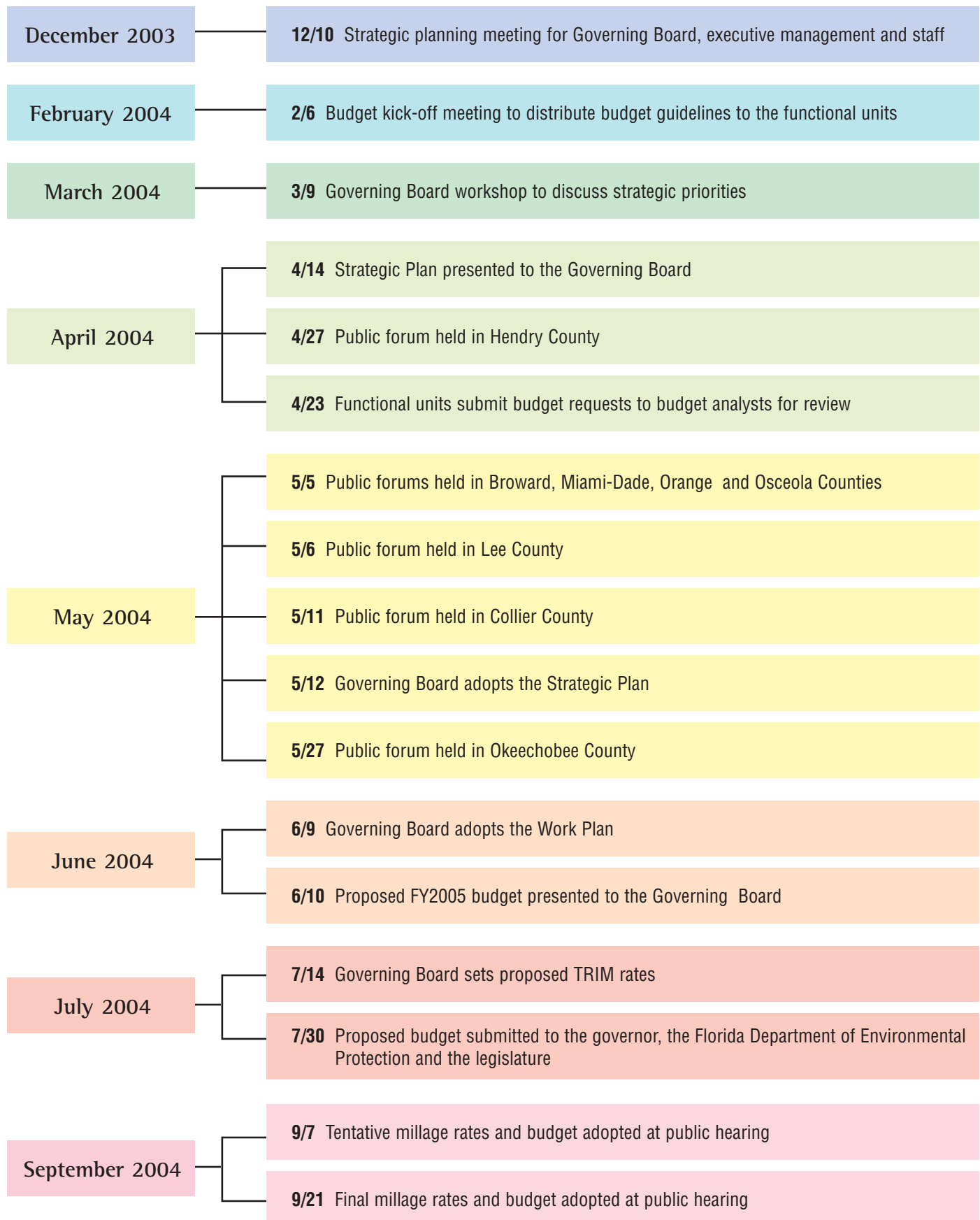
August 2004

- TRIM forms were mailed to property appraisers in the 16 counties in the District.
- The District verified the TRIM notices sent out by the property appraisers.

September 2004

- The Governing Board adopted tentative millage rates and the tentative budget at a public hearing on September 7.
- The governor's office approved the District's budget with no changes. In a letter to the District, the governor indicated he was pleased to see that the District created a long-term Strategic Plan and Work Plan that tie directly to the annual budget.
- Final millage rates and the final budget were adopted at a public hearing on September 21.

## FY2005 Budget Development Calendar





## Financial Structure

The use of funds and the budgeting, accounting and auditing associated with this fund structure are governed by the state of Florida and Generally Accepted Accounting Principles, as determined by the Governmental Accounting Standards Board.

The District works in concert with the state of Florida to accomplish water management objectives. The primary authority for the operation of District programs, however, comes from Chapter 373 of the Florida Statutes. The District's budget includes all operations over which the District is financially accountable. Accordingly, the District's two basins, Okeechobee and Big Cypress, are included in the budget. This is because the District and the two basins are financially interdependent, and the Governing Board must approve the respective budgets.

There are no additional component units required for inclusion in the budget. The District does not invest or participate in any joint ventures.

### Fund Structure and Purpose

The financial operations of the District are organized by funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds necessary to meet legal and managerial requirements is maintained. The use of account groups is a reporting device that accounts for certain assets and liabilities of governmental funds not recorded directly in those funds.

### Major Funds

District funds are in two main groups: major and non-major. The District uses three different types of major funds to control its financial activities: general, special revenue and capital project.

#### General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. This fund accounts for District-wide expenditures and is supported primarily by ad valorem taxes (District millage 0.248 mills), permit fees and interest earnings.

#### Special Revenue Funds

The Special Revenue Funds account for revenue sources legally restricted to expenditures for specific purposes. The Special Revenue funds are described below.

##### **Okeechobee Basin Fund**

The Okeechobee Basin Fund accounts for the normal operating expenditures of the Okeechobee Basin, which covers all or part of 15 counties extending from the Kissimmee Chain of Lakes in Orange County through Lake Okeechobee, the Everglades and Florida Bay. Funding is provided by a 0.3130 mills property tax levy, intergovernmental revenues, permit fees, interest earnings and other revenue sources.

##### **State Appropriations Fund**

The State Appropriations Fund accounts for expenditures made for various projects using state sources. Among the funding sources are the Surface Water Improvement and Management (SWIM) Fund, the Water Management Lands Trust Fund, and various state agencies.

#### Capital Project Funds

Capital Project Funds account for financial resources used for the acquisition of properties or construction of major capital facilities. The Capital Project Funds are described below.

##### **Everglades Restoration Trust Fund**

The Everglades Restoration Trust Fund accounts for capital expenditures to construct six Stormwater Treatment Areas used to treat stormwater run-off from the Everglades Agricultural Area (EAA), through naturally occurring biological and physical processes. Additional objectives include hydroperiod restoration and water supply.

Funding is provided through a .100 mill tax levy, non-ad valorem assessments to property owners in the EAA, state and federal contributions, and interest earnings.

### **Comprehensive Everglades Restoration Plan (CERP) – Ad Valorem Fund**

The Comprehensive Everglades Restoration Plan (CERP) – Ad Valorem Fund accounts for revenues and expenditures associated with projects included in the Central and Southern Florida Comprehensive Review Study (C&SF Restudy). Implementation of these projects was expedited under the authority of Section 528(e) in the Water Resources Development Act of 1996, for which Project Cooperation Agreements were signed in January 2000. Funding is provided by operating transfers from the General Fund and the Okeechobee Basin Fund.

### **Save Our Everglades Trust Fund**

The Save Our Everglades Trust Fund accounts for revenues received from and expenditures funded through Florida's Save Our Everglades Trust Fund for the design, construction and associated land costs for CERP projects.

## **Non-Major Funds**

The District uses four different types of non-major funds to control its financial activities: special revenue, capital project, internal service and permanent.

### **Special Revenue Funds**

#### **Big Cypress Basin Fund**

The Big Cypress Basin Fund accounts for the normal expenditures of the Big Cypress Basin, which covers all of Collier County and the northwestern part of Monroe County. Funding is provided by a .2425 mill property tax levy and interest earnings.

#### **Save Our Rivers Fund**

The Save Our Rivers Fund accounts for expenditures made to manage and restore sensitive water resource lands within the District. Funding is provided by regulatory fines, interest earnings, and a portion of the documentary stamp-tax revenues appropriated and allocated in the District's name, and deposited in the state-administered Florida Water Management Lands Trust Fund.

#### **Invasive Plant Control Fund**

The Invasive Plant Control Fund accounts for expenditures made for exotic plant control in the Kissimmee River and Chain of Lakes, and for the District's Melaleuca Management Program. Funding is provided by the Aquatic Plant Trust Fund, which is passed through from the Department of Environmental Protection to the District.

#### **Wetlands Mitigation Fund**

The Wetlands Mitigation Fund accounts for expenditures for purchase or improvement of existing wetlands. Funding is provided by private and other governmental contributions from permits paid by developers.

#### **Indian River Lagoon (IRL) Restoration Fund**

The Indian River Lagoon (IRL) Restoration Fund accounts for expenditures to enhance the environmental and scenic value of surface waters in the IRL. Funding is provided through the sale of a specialty license tag that recognizes the importance of the IRL to Florida's ecosystem.

#### **External Grant Fund**

The External Grant Fund accounts for revenue and expenditures related to grants received primarily for research purposes. This separate fund allows for the detailed tracking of expenditures and/or cost-share contributions.

### Alternative Water Supply Fund

The Alternative Water Supply Fund accounts for expenditures associated with wastewater reuse technologies, and the development of alternative water supply facilities, including aquifer storage and recovery. Funding is provided by operating transfers from the General Fund.

### STA Operations and Maintenance Fund

The STA Operations and Maintenance Fund accounts for expenditures associated with the operation and maintenance of the Stormwater Treatment Areas (STA) required by the Everglades Forever Act. Expenditures are consistent with the provisions of the act. Funding is provided by operating transfers from the Everglades Restoration Trust Fund.

### Lake Belt Mitigation Fund

The Lake Belt Mitigation Fund accounts for revenues and expenditures made for mitigation efforts to address the effects of rock mining in the Lake Belt area of Miami-Dade County.

### Everglades License Plate Fund

The Everglades License Plate Fund accounts for expenditures for the conservation and protection of the natural resources, and abatement of water pollution in the Everglades. Funding is provided by proceeds from the sale of an Everglades specialty license tag.

### Lake Okeechobee Trust Fund

Lake Okeechobee Trust Fund accounts for expenditures associated with restoration projects focused on Lake Okeechobee. Funding is provided by the Florida Department of Environmental Protection.

## Capital Project Funds

### District Fund

The District Fund accounts for capital expenditures associated with District-wide capital projects. Funding is provided by transfers from the General Fund.

### Okeechobee Fund

The Okeechobee Fund accounts for capital expenditures on projects benefiting the Okeechobee Basin. Funding is provided by operating transfers from the Okeechobee Basin Fund.

### Big Cypress Fund

The Big Cypress Fund accounts for capital expenditures on projects benefiting the Big Cypress Basin. Funding is provided by operating transfers from the Big Cypress Basin Special Revenue Fund.

### Save Our Rivers Fund

The Save Our Rivers Fund accounts for capital expenditures for the purchase of sensitive water resource land. Funding is provided through allocations from the Florida Forever Trust Fund.

### Federal Emergency Management Agency (FEMA) Fund

The Federal Emergency Management Agency (FEMA) Fund accounts for revenues and expenditures associated with District recovery efforts following severe natural disasters, such as hurricanes and floods. Revenue is received from FEMA and is disbursed to the District on a reimbursable basis. This fund also accounts for federal funding used to mitigate future disaster damage.

### Florida Bay Fund

The Florida Bay Fund accounts for capital expenditures associated with restoring natural quantity, distribution and timing of water flows to Florida Bay. Funds for these projects are derived from excess Alligator Alley toll revenue, as mandated in the 1994 Everglades Forever Act.

### Federal Land Acquisition Fund

The Federal Land Acquisition Fund accounts for expenditures relating to land purchases reimbursed by the federal government.

### CERP – Federal Fund

The CERP – Federal Fund accounts for revenues received from and expenditures funded through the federal government for CERP.

### CERP – Other Creditable Fund

The CERP – Other Creditable Fund accounts for revenues received from and expenditures funded through various sources for CERP. This excludes revenues and expenditures from federal sources, District ad valorem sources and the Save Our Everglades Trust Fund.

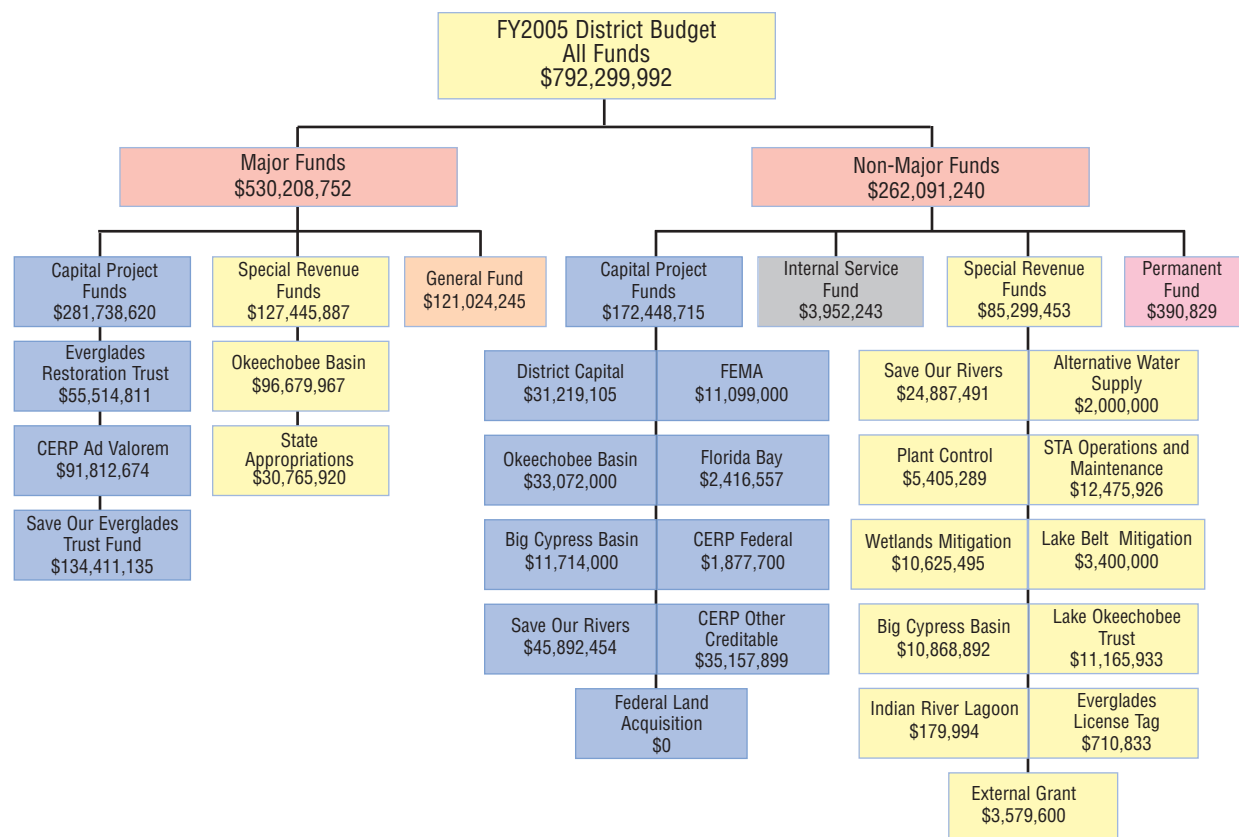
### Internal Service Fund

The Internal Service Fund accounts for the District's self-insured risks related to general, automobile and workers' compensation liabilities. Funding is provided through charges to various District funds.

### Permanent Fund

The Permanent Fund is used to report resources that are legally restricted, so that only earnings, not principal, may be used for purposes that support the District's management of lands acquired for wetland mitigation.

## District Fund Structure



All funds shown in the chart above are appropriated, except for the Permanent Fund and the Federal Land Acquisition Fund. The amount shown for the Permanent Fund represents interest revenue transferred from the Permanent Fund to the Wetlands Mitigation Fund to support land management expenditures. The financial statements include the same funds as shown above.

The following table illustrates the relationship between functional units, programs and the fund structure:

## Program to Fund Matrix

Program By Resource Area	Fund Type							
	Major Funds						Non-Major Funds	Total
	General	Okeechobee Basin	State Appropriations	Everglades Rest. Trust	CERP	Save Our Everglades Trust	Other Gov't Funds	
<u>Water Resources</u>								
District Everglades Program			\$500,000	\$55,514,811			\$13,186,759	\$69,201,570
Water Supply	\$17,122,928	\$127,910	20,000				6,134,963	23,405,801
Kissimmee River Restoration	1,529,401	12,673,767	750,000				33,255,000	48,208,168
Regulation	16,253,206						266,200	16,519,406
Lake Okeechobee	1,851,059	4,855,201	138,750				14,165,171	21,010,181
Coastal Watersheds	6,253,457	1,669,372	15,357,170				6,948,072	30,228,071
Comp. Everglades Restoration Plan			4,000,000		\$91,812,674	\$134,411,135	54,774,494	284,998,303
<u>Operation and Maintenance Resources</u>								
Operations and Maintenance	10,545,962	64,593,593	10,000,000				60,377,441	145,516,996
<u>Land Resources</u>								
Land Stewardship	185,855	1,011,897					55,911,154	57,108,906
<u>Corporate Resources</u>								
Mission Support	67,282,377	11,748,227					17,071,986	96,102,590
TOTAL	\$121,024,245	\$96,679,967	\$30,765,920	\$55,514,811	\$91,812,674	\$134,411,135	\$262,091,240	\$792,299,992

## Basis of Accounting and Budgeting

The modified accrual basis of accounting is used by the District for both accounting and budgeting purposes, with compensated absences treated differently in the budget than they are in the Comprehensive Annual Financial Report. Revenue is recognized when it is susceptible to accrual (i.e., it is both measurable and available). "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are ad valorem property taxes, interest on investments and intergovernmental revenue.

Property taxes are recorded as revenues in the fiscal year for which they are levied, provided they are collected in the current period or within 60 days thereafter. Interest income is recognized when earned. Intergovernmental revenues, which are reimbursements for specific purposes or projects, are recognized in the period in which the expenditures are recorded.

Encumbrances outstanding at year-end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities. All annual appropriations lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered. Expenditures may not legally exceed appropriations at the agency level in any of the governmental fund types.

The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended in the respective operating funds when payments are made to employees. The liability for all accrued and vested vacation and sick pay benefits, plus sick leave benefits expected to become vested, however, is recorded in the General Long-Term Liabilities Account Group for employees paid from governmental funds.

## Revenue Forecast Methodology

The District projects revenues using the most appropriate methodology and assumptions for each revenue category. This begins with the Strategic Plan and annual Work Plan, and continues throughout the annual budget development process.

### Major Revenue Categories

The following sources comprise the District's major revenue categories:

#### Taxes

Ad valorem property taxes are determined after anticipated expenditures are calculated and all other revenue sources and balances have been estimated. The funds required are converted to proposed millage rates and county property appraisers apply the proposed millage rates to the current taxable value estimates. The Budget Division is responsible for property tax revenue projections.

Everglades agriculture privilege taxes are assessed on acreage within the Everglades Agriculture Area (EAA) and C-139 Basin. The tax applies to land used for agricultural business or trade, as stated in the Everglades Forever Act (EFA). The revenue is based on tax roll information received from property appraisers in Palm Beach and Hendry Counties during the annual tax certification process that occurs from June 1 through August 31. For FY2005, the assessed tax per acre for the EAA and C-139 Basin was \$24.89 and \$4.30, respectively. The Budget Division is responsible for calculating and projecting the estimated tax.

#### Intergovernmental

This revenue category is defined by federal, state or local government entities. The category includes appropriations that are based on annual state legislative budget allocations and grants or cooperative agreements from executed contracts with governmental agencies.

#### Investment Earnings

Interest is calculated by individual fund, based on its projected share of pooled cash, investment of funds and economic market conditions. The District's Treasurer provides input to the Budget Division during the budget development process.

#### Licenses, Permits and Fees

This category is comprised of revenues received from the sale of license tags, and issuance of regulatory and right-of-way permits or fees. Also included in this category is revenue for Lake Belt or Wetland Mitigation. Revenue estimates and proper documentation are provided by District functional units.

#### Other – Miscellaneous

Various revenue sources are captured under this category, such as self-insurance premiums, leases and sale of District property. Currently, the District does not budget for cash discounts earned, refund of prior-year expenditures or other miscellaneous income items. District functional units generate the revenue projections for this category.

#### Other Financing Sources

This category includes capital leases and bank loan proceeds. The District accounting staff and Treasurer provide these estimates as capital funding needs arise. Transactions related to issuance of land acquisition bond refunding are not part of the District's budgeted revenue sources.

### Other Factors Considered When Forecasting Revenue

The District considers various factors when analyzing and forecasting individual revenue sources. These factors include legal or mandated requirements, agriculture-privilege-tax roll data, functional-unit staff estimates and a balanced budget.

#### Legal or Mandated Requirements

Some revenue sources are defined by specific legal requirements or restrictions. For example, the District's

ability to generate revenue through ad valorem property taxes is limited by statutory and constitutional millage caps of 0.8000 and 1 mill, respectively. To increase the combined District and Okeechobee Basin millage rates to the constitutional cap of 1 mill would require legislative action. In addition, the District dedicates one-tenth of a mill (0.1000) of the Okeechobee Basin millage to the Everglades Construction Project (ECP) and the Long-Term Plan (LTP), as stated in the amended 2003 EFA.

Under the EFA, revenue sources earmarked for the Everglades Trust Fund can only be applied to qualifying Everglades restoration-related expenditures. The District's Comprehensive Everglades Restoration Plan (CERP) has requirements for dedicated annual revenue funding. Other sources subject to legal or mandated requirements include state trust funds for which funding must be used for specific purposes, such as CERP, land acquisition or land management.

### Agriculture Privilege Tax Roll Data

Tax revenues vary each year, based on the number of agricultural acres noted on the tax rolls. The agriculture privilege tax is one of the dedicated revenues for the ECP/LTP and is calculated into the mix of funding sources to offset anticipated expenditures.

### Functional Unit Staff Estimates

During the budget development process, the Budget Division relies heavily on the knowledge and experience of directors, project managers and staff to forecast expected revenues from various non-ad valorem sources, such as grants, licenses, permits, fees, investment earnings, leases and sale of District property. The functional units submit their non-ad valorem revenue estimates to the Budget Division, along with supporting documentation and an explanation of how the revenues were calculated.

### Balanced Budget

Florida statutes and District financial policies require an annual adopted budget that is balanced. A balanced budget is one in which the District's budget has sufficient projected revenues to equal anticipated expenditures. Throughout the budget development process, projected revenue estimates are updated and compared against proposed expenditures. The District usually has two budget amendments each fiscal year. If a revenue source does not materialize during the fiscal year, the current budget is amended and expenditures are adjusted accordingly.

## Comparative Summary of Sources and Uses

FY2004 Amended/FY2005 Adopted Budgets	FY2004 Amended Budget	FY2005 Adopted Budget	FY2005 Over or (Under) FY2004	Percent Change
<b>Sources</b>				
Ad Valorem Property Taxes	\$331,860,454	\$375,371,184	\$43,510,730	13.1%
Agricultural Privilege Taxes	12,218,687	12,242,934	24,247	0.2%
Intergovernmental Sources	289,823,715	294,351,690	4,527,975	1.6%
Investment Earnings	8,295,164	8,770,063	474,899	5.7%
Licenses, Permits and Fees	13,520,406	9,573,712	(3,946,694)	-29.2%
Other – Miscellaneous	6,941,934	25,698,243	18,756,309	270.2%
Other Financing Sources	5,931,850	5,965,150	33,300	0.6%
Fund Balance – Designated	99,254,674	60,327,016	(38,927,658)	-39.2%
<b>TOTAL APPROPRIATED FUND SOURCES</b>	<b>\$767,846,884</b>	<b>\$792,299,992</b>	<b>\$24,453,108</b>	<b>3.2%</b>
<b>Uses</b>				
Land Stewardship	\$50,825,085	\$57,108,906	\$6,283,821	12.4%
District Everglades	89,559,625	69,201,570	(20,358,055)	-22.7%
Operations and Maintenance	122,959,792	145,516,996	22,557,204	18.3%
Water Supply	19,415,699	23,405,801	3,990,102	20.6%
Kissimmee Restoration	63,638,788	48,208,168	(15,430,620)	-24.2%
Regulation	15,680,242	16,519,406	839,164	5.4%
Lake Okeechobee	13,007,267	21,010,181	8,002,914	61.5%
Coastal Watersheds	20,510,729	30,228,071	9,717,342	47.4%
Mission Support	81,383,531	96,102,590	14,719,059	18.1%
Comprehensive Everglades Restoration Plan	290,866,126	284,998,303	(5,867,823)	-2.0%
<b>TOTAL APPROPRIATED FUND USES</b>	<b>\$767,846,884</b>	<b>\$792,299,992</b>	<b>\$24,453,108</b>	<b>3.2%</b>



## Revenue by Source

FY2003 through FY2005			
Projected Revenue	FY2003 Actual Amount	FY2004 Unaudited Actual	FY2005 Projected (Adopted Budget)
<b>Taxes</b>	<b>\$308,054,749</b>	<b>\$343,908,081</b>	<b>\$387,614,118</b>
Ad Valorem Property Taxes	295,177,218	331,671,330	375,371,184
Agriculture Privilege Taxes	12,877,531	12,236,751	12,242,934
<b>Intergovernmental</b>	<b>213,700,065</b>	<b>193,317,523</b>	<b>294,351,690</b>
Appropriations	150,378,887	159,171,054	245,155,550
Ecosystem Management Trust Fund	37,704,200	-	-
Florida Forever	11,411,249	15,935,218	43,062,000
Division of State Lands – Conservation & Recreation Land Trust Fund	694,830	187,002	-
Division of State Lands – FDEP	-	-	-
Hurricane Catastrophe Trust Fund	-	-	-
P2000	4,452,680	29,512	-
Save Our Everglades Trust Fund	63,332,896	122,381,550	134,411,135
Water Management Lands Trust Fund	32,783,032	20,637,772	24,411,991
Other Appropriations	-	-	43,270,424
Grants and Cooperative Agreements	\$63,321,178	\$34,146,469	\$49,196,140
Federal	40,387,620	17,553,421	14,982,517
Federal Emergency Management Agency	14,568,285	2,311,171	11,099,000
U.S. Army Corps of Engineers	549,136	2,233,478	725,755
U.S. Department of Agriculture	-	1,116,287	2,922,700
U.S. Department of Consumer Affairs	34,068	-	-
U.S. Department of Interior	25,215,171	11,002,885	0
Other Federal Grants/Agreements	20,960	889,600	235,062
State	18,952,579	15,610,244	10,172,623
Florida Department of Environmental Protection	2,123,721	2,683,721	-
Invasive Plant Management Grants	1,822,553	761,704	5,742,623
Aquatic Plant Control	12,007,655	9,882,021	-
Florida Department of Transportation	2,889,900	2,114,048	2,000,000
Florida Fish and Wildlife Conservation Commission	-	-	2,000,000
Other State Grants/Agreements	108,750	168,750	430,000
Local	3,980,979	982,804	24,041,000
Collier County	12,500	-	2,000,000
Martin County	2,504,018	806,658	20,000,000
Miami-Dade County	-	-	-
St. Lucie County	250,000	-	-
Florida Inland Navigation District (FIND)	-	-	2,000,000
Other Local Grants/Agreements	1,214,461	176,146	41,000
<b>Investment Earnings</b>	<b>\$10,532,979</b>	<b>\$8,374,907</b>	<b>\$8,770,063</b>
<b>Licenses, Permits and Fees</b>	<b>\$15,492,106</b>	<b>\$9,846,553</b>	<b>\$9,573,712</b>
License Tags	429,450	397,946	327,437
Permit Fees	4,214,736	4,729,316	5,446,275
Wetland Mitigation	10,847,920	4,719,291	3,800,000
<b>Other – Miscellaneous</b>	<b>\$14,263,401</b>	<b>\$13,907,659</b>	<b>\$25,698,243</b>
Department Charges – Self Insurance Premiums	2,518,647	2,878,819	3,952,243
Leases	3,179,028	4,614,065	1,676,000
Sale of District Property	1,966,859	770,697	20,000,000
Miscellaneous Income	6,598,867	5,644,078	70,000
<b>Other Financing Sources</b>	<b>43,338,003</b>	<b>1,399,426</b>	<b>5,965,150</b>
Bond Proceeds	34,550,000	-	-
Bond Premium	2,460,629	-	-
Capital Leases	1,500,000	1,399,426	1,372,300
Loan Proceeds	4,827,374	-	4,592,850
<b>Fund Balance – Designated</b>	<b>\$101,839,534</b>	<b>\$99,254,674</b>	<b>\$60,327,016</b>
<b>TOTAL</b>	<b>\$707,220,837</b>	<b>\$670,008,823</b>	<b>\$792,299,992</b>

## Revenue Assumptions and Trend Analysis

The District developed a series of revenue assumptions, based on current and projected economic indicators, and historical trends. The Florida Department of Revenue and the Ad Valorem Estimating Conference provided county projection data and trends in ad valorem tax-roll growth rates over a 10-year period, which were analyzed by the budget staff. Revenue collection history for the last four-years and information supplied by various departments were used to determine all remaining discretionary revenue sources. The District's dedicated revenue assumptions were formulated using information from state trust fund balances, and from agreements with federal, state and local governments.

In FY2004, the District formally implemented its business cycle, which includes development of a Strategic Plan and an annual Work Plan, implementation of an annual budget process, and a reporting and evaluation cycle. As part of the strategic-priority-setting process, the District prepared a 10-year financial forecast, based on the established revenue assumptions. This forecast projects anticipated revenues for both ad valorem (discretionary) and dedicated (restricted) funds from FY2005 through FY2014. Additionally, funding strategies were developed and the District's Governing Board directed the use of the discretionary funds. This financial forecast was one of the building blocks for the District's Strategic Plan, and played a key role in setting strategic priorities based on projected funding.

The revenue assumptions in the financial forecast provided a framework for development of the District budget, by program and fund. FY2005 programmatic budget targets were established based on projected funding source availability. Each program prepared an annual work plan that reflected District strategic priorities and delivered a balanced budget. The overall District budget was then finalized by ensuring that proposed budget expenditures were balanced with projected revenue estimates.

FY2005 revenue projections include a variety of fund sources. The District groups its revenue sources into seven standard accounting categories, as detailed in the Revenue Forecast Methodology in this section.

The adopted FY2005 estimated revenue totaled \$792.3 million. When compared to the FY2004 amended budget of \$767.8 million, revenues increased overall by \$24.5 million. This net amount is based on numerous projected changes, including additional revenue from existing and new sources, and reductions to prior-year revenue levels.

The following pages contain detailed explanations of the FY2005 revenue projections by category, with comparisons to the FY2004 amended budget. Also included are the assumptions used when making funding decisions and the reasons for any increases or decreases over the previous fiscal year's level.

### Taxes: \$387,614,118

#### Ad Valorem Property Taxes: \$375,371,184

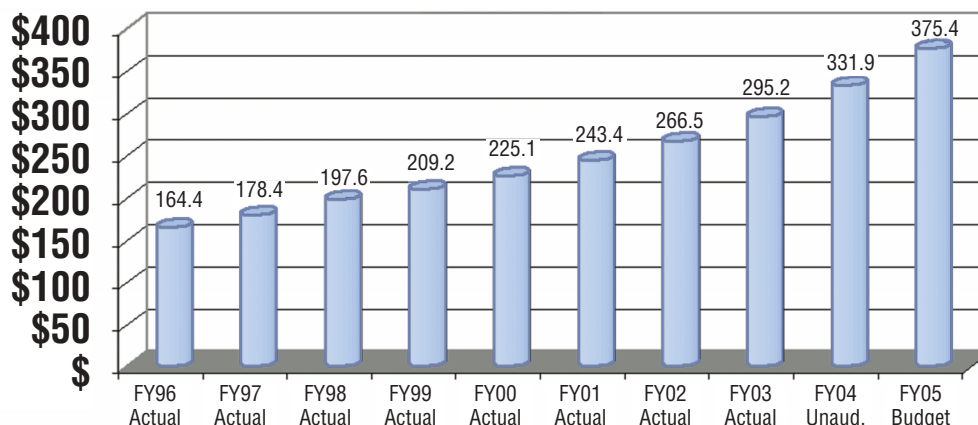
Ad valorem property taxes continue to be the District's primary source of revenue. For FY2005, property taxes are anticipated to yield approximately \$375.4 million, which is \$43.5 million or 13.1 percent more than the FY2004 amended budget of \$331.9 million. The basis for the increase is the tax growth rate as explained in further detail below.

Increase	FY2004	FY2005	Percent
Ad valorem property taxes (millions)	\$331.9	\$375.4	13.1%
Assessed property value (billions)	\$502.5	\$573.5	14.1%

FY2005 property tax revenue projections are based on the assumption that millage rates will be set at existing levels. It is also assumed there will be tax-roll growth throughout the District's 16-county boundary. The Okeechobee millage rate has remained constant since FY1998, but property tax revenues have increased annually, due to higher assessed values for new and existing properties throughout the District. In FY2003 and FY2004, taxable property values within the District increased by 11.3 percent and 12.5 percent, respectively.

The following graph illustrates actual and anticipated ad valorem property tax revenues for FY1996 through FY2005:

### Ad Valorem Property Tax Revenues FY1996 through FY2005 (in millions)



For FY2004, 96 percent (96.5 percent for the Big Cypress Basin) of the amount levied was used to project actual amounts. This rate is developed from historical collection rates and is applied as a percent of anticipated revenue. During the last 10 fiscal years (FY1995 through FY2004), the District has collected the majority of the total tax amount that can be levied. An average of 96.6 percent of the combined District/Okeechobee millage rate and 97 percent of the Big Cypress Basin millage rate has been collected. For example, the last five-year (FY2000 through FY2004) trend data shows the District has received an average of 99.85 percent of budgeted current-year tax revenues from the county tax collectors.

The main reason for the high collection rate is the discount provided to property owners to pay their current-year taxes before March 31 of the following year. Property taxes are payable through March 31, after which time they become delinquent. Delinquent property tax certificates are sold to the public beginning June 1, at which time property liens are attached. By the end of the fiscal year, virtually all property taxes are collected, either directly or through the sale of tax certificates. Ad valorem property tax revenues are recorded by the District, based on the amount of receipts reported by the county tax collectors. The table below shows the District's percent of ad valorem property tax levy collected between FY1995 and FY2004.

### Ad Valorem Property Tax Collections

Percent of Levy Collected FY1995 through FY2004

Fiscal Year	District	Okeechobee Basin	Big Cypress Basin	Everglades Trust Fund
1995	96.44%	99.57%	99.79%	99.37%
1996	96.31%	96.28%	96.21%	96.56%
1997	96.22%	96.23%	96.80%	96.33%
1998	96.66%	96.60%	96.78%	96.70%
1999	96.24%	96.19%	96.72%	96.23%
2000	96.58%	96.56%	96.84%	96.53%
2001	96.82%	96.82%	96.78%	96.81%
2002	96.36%	96.31%	96.66%	96.02%
2003	95.99%	95.95%	96.66%	96.18%
2004	96.01%	95.97%	96.45%	95.77%

Percentages are based on the total tax base (representing final taxable values), multiplied by the assessed millage rate, then divided by the actual ad valorem property tax revenue collected.

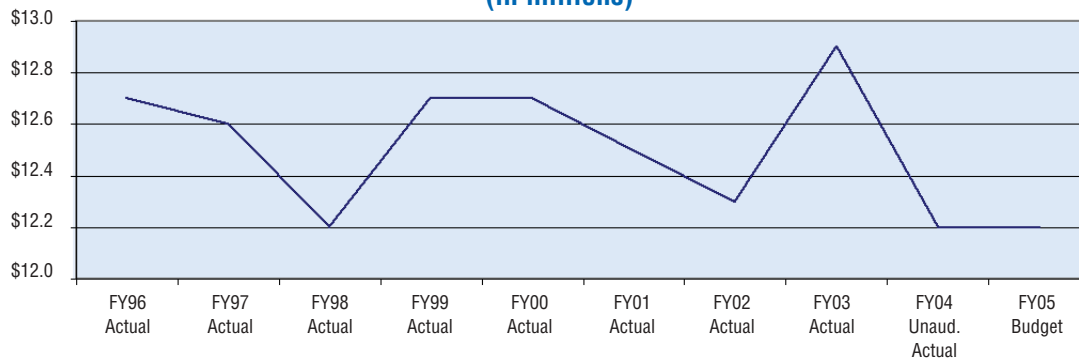
## Agriculture Privilege Taxes: \$12,242,934

The agriculture privilege tax was levied for the first time in FY1995. This tax is a component of the 1994 Everglades Forever Act (EFA) and is used to fund the Everglades Construction Project. The EFA authorized the District to impose an annual tax for the privilege of conducting agricultural trade or business on property located within the Everglades Agricultural Area and the C-139 Basin, in Palm Beach and Hendry Counties. The EFA was amended in 2003 to allocate agricultural privilege tax revenue to the Long-Term Plan.

Agricultural privilege taxes continue to be a steady source of revenue for the Everglades Trust Fund. In FY2005, projected agricultural privilege tax revenues are expected to generate approximately \$12.2 million, which remains at the same level as in the FY2004 amended budget.

The agriculture privilege tax revenue projection assumes the total tax levied (the number of acres on the Palm Beach and Hendry Counties' final tax rolls, multiplied by \$24.89 per acre) will be collected by the end of the fiscal year. The same assumption is applied to projecting revenue for the C-139 Basin agriculture privilege tax in Hendry County, except the tax rate is \$4.30 per acre, multiplied by the number of acres on the final tax roll. Once the tax assessment is calculated, the District Governing Board certifies the tax rolls through the adoption of resolutions at the District's annual tentative budget adoption public hearing, held each September. By law, the District must deliver the final certified EAA and C-139 Basin tax rolls to the tax collectors' offices in both Hendry and Palm Beach Counties prior to September 15 of each year.

### Agriculture Privilege Taxes FY1996 through FY2005 (in millions)



## Intergovernmental: \$294,351,690

This revenue category had a net increase of \$4.5 million from the FY2004 amended budget amount of \$289.8 million. The overall net increase is the result of the following factors:

- New state appropriations
- An increase in funding from local sources
- A reduction in projected revenues from state trust fund balances

## Appropriations - \$245,155,550

In FY2005, the District anticipates receiving a total of \$245.2 million from the trust funds and state appropriations listed below. This total represents a \$12 million reduction from the FY2004 amended budget of \$257.2 million. The basis for the overall net decrease resulted from a combination of new FY2005 special legislative appropriations and a reduction in available funds from the state's trust fund balances.

### **Florida Forever Program Funds: \$43,062,000**

A total of \$43.1 million is expected from Florida Department of Environmental Protection (FDEP) state bond proceeds and trust fund balances. This revenue is to be used for the purchase of environmentally sensitive lands under the Florida Forever Program and for local projects outlined in the Florida Forever Work Plan. The \$43.1 million revenue projection assumes continuation of state funding at the current annual level of \$36 million and the availability of all prior-year Florida Forever funds, totaling \$7.1 million.

In 1999, the Florida Forever Act (FFA) was enacted by the legislature and signed into law by the governor. The FFA (F.S. 259.105) will provide \$3 billion to various state agencies over a 10-year period. These monies are for acquisition of environmentally sensitive lands for conservation, recreation, water resource protection and wildlife habitat preservation, and for management of public access to those lands.

### **Save Our Everglades Trust Fund (SOETF): \$134,411,135**

The District expects to receive approximately \$134.4 million from the state's SOETF. The FY2005 budgeted amount remains earmarked for design, construction and land acquisition for the Comprehensive Everglades Restoration Plan Program (CERP). This revenue assumption is based on continuation of the state's annual commitment of \$100 million and the availability of all prior-year SOETF funds, totaling \$34.4 million.

The SOETF was created by the Florida legislature in 2000 to fund the state's share of CERP. The legislation called for the SOETF to receive \$100 million annually in state funding through the program's first 10-year period.

### **Special Legislative Appropriations: \$43,270,424**

This revenue estimate of \$43.3 million represents new and prior-year state appropriations. The District received approximately \$38.2 in new funding for FY2005. New state appropriations will fund restoration projects in the Big Cypress Basin, local water resource projects, Lake Okeechobee Protection Plan (LOPP) projects and South Florida flood mitigation projects.

The District expects to receive approximately \$34.2 million from the FDEP as part of the new state appropriation funding for FY2005. During the 2004 Florida legislative session, funding was awarded to the District for environmental restoration and flood mitigation. The Florida legislature allocated the funding from the Ecosystem Management and Restoration Trust Fund (EMRTF) to the District for implementation of various surface-water restoration initiatives and municipal stormwater infrastructure improvements, as identified in item 12064A of the Conference Report on House Bill 1835, General Appropriations Act FY2004/2005. An additional \$4 million will be provided from the Lake Okeechobee Trust Fund to implement the LOPP.

The remaining \$5 million in the FY2005 budget represents re-budgeted prior-year state appropriation balances for Biscayne Bay, Lake Okeechobee and Upper Lake Tohopekaliga projects.

### **Water Management Lands Trust Fund (WMLTF): \$24,411,991**

The FY2005 projection of \$24.4 assumes the District will receive \$17.4 million in new revenue and \$7 million in prior-year trust fund balances. The projected revenue assumption for the FY2005 budget was based on continuation of state funding at current levels and availability of remaining WMLTF balances. The basis for the decrease in budgeted revenue of \$12.5 million was attributed to a lower available trust fund balance.

The WMLTF (F.S. 373.59) was established to provide water management districts with funding for management of environmentally sensitive lands, local water resource projects, exotic and aquatic plant control, priority water-body projects, and debt service from documentary stamp-tax revenues. In compliance with state statute, funds from the WMLTF cannot be used for land acquisition purposes after July 1, 2001. The District receives 30 percent of all funds allocated to the five water management districts from the trust fund.

## Grants and Cooperative Agreements: \$49,196,140

The District anticipates receiving a total of \$49.2 million from various federal, state and local sources. This represents a \$16.7 million increase from the FY2004 amended budget of \$32.5 million. The basis for the overall net increase is a combination of current-year funding for a land acquisition agreement with Martin County and several Federal Emergency Management Agency (FEMA) projects. Also contributing to the increase was a one-time funding allocation in FY2004 for such projects as land acquisition for CERP, the 8.5 Square Mile Area project and various FDEP grant-funded projects.

### Federal: \$14,982,517

Approximately \$15 million is expected from various federal government agencies, which is \$0.6 million less than the FY2004 amended budget of \$15.6 million. This projection assumes the use of remaining prior-year allotted balances and that new revenue will be received from grants or cooperative agreements.

### Federal Emergency Management Agency (FEMA): \$11,099,000

A total of \$11.1 million is being budgeted from FEMA. This is an overall increase of \$3.9 million from the FY2004 amended budget of \$7.2 million. This increase is due to new funding for the S-27 Pump Station, mapping and data conversion projects.

The FY2005 revenue projection assumes use of the remaining \$7.1 million in FEMA funds for completion of the C-4 flood mitigation project in Miami-Dade County. The District has the authority to perform work, provide services and acquire materials during emergency events. Following these events, the District can request reimbursement from FEMA.

### U.S. Army Corps of Engineers (USACE): \$725,755

The District anticipates receiving \$0.7 million from the U.S. Army Corps of Engineers (USACE) as reimbursement for the operation and maintenance (O&M) of USACE-owned structures in Miami-Dade County and the Water Conservation Areas. The projection assumes the USACE will reimburse the District for 60 percent of the actual expenditures incurred to provide these services. This amount is approximately \$0.16 million less than the FY2004 amended budget of \$0.86 million and is based upon District staff estimating O&M costs for the fiscal year.

### U.S. Department of Agriculture (USDA): \$2,922,700

The projection of revenue from the USDA is approximately \$2.9 million, and is \$0.7 million higher than the FY2004 amended budget of \$2.2 million. The net increase is attributed to receiving funds for restoration activities from the Nature Resources Conservation Service (NRCS), through their Wetlands Reserve Program.

The FY2005 budget reflects approximately \$2.7 million in NRCS funds for restoration activities on portions of Allapattah Ranch in Martin County and on land in the Kissimmee Chain of Lakes. Also included is an annual USDA grant of \$0.2 million for area-wide melaleuca management evaluation.

The NRCS/Wetlands Reserve Program funding will be matched by CERP funding to conduct restoration activities on portions of the Allapattah property. This program cost is shared (75 percent/25 percent) between the District and the NRCS for property related to restoration work.

### Other Federal Grants and Cooperative Agreements: \$235,062

Grants totaling \$0.2 million are expected from the United States Geological Survey for seagrass model development for Florida Bay, and from the U.S. Fish and Wildlife Service for Loxahatchee National Wildlife Refuge lab analysis and testing. This revenue estimate represents a 100 percent increase over the FY2004 amended budget because the category did not exist in the prior fiscal year.



### **State: \$10,172,623**

A total of \$10.2 million is projected from various state government agencies, which is \$2.6 million less than the FY2004 amended budget of \$12.8 million. This projection assumes the use of remaining prior-year balances and that new revenue will be obtained from grants or cooperative agreements.

#### **Invasive Plant Management Grants: \$5,742,623**

Projected FDEP grant revenues are approximately \$5.7 million, and are to be used for exotic and aquatic plant management. This amount is comprised of approximately \$2.7 million for aquatic plant management in the Kissimmee River, the Kissimmee Chain of Lakes and Lake Okeechobee. The other \$3 million is for the management of melaleuca and other exotic plants. Primarily, funding for this program is passed to the District through the FDEP, based on a variety of revenue sources. The FDEP's funding sources include the state gas tax, a percentage of which is allocated from boat fuel sales; recreational and commercial boat taxes; the U.S. Army Corps of Engineers; and any special mid-year re-appropriations from the FDEP. This projection assumes that FDEP funding will be approximately \$0.3 million less than it was in FY2004.

#### **Florida Department of Transportation (FDOT): \$2,000,000**

The revenue projection of \$2 million assumes receiving funds from the FDOT for EFA-mandated restoration projects. The \$2 million is an annual revenue assumption and is based on an agreement with the FDOT. The agreements states that excess funds from Alligator Alley toll receipts are to be used for Everglades and Florida Bay restoration projects. The decrease of \$0.8 million from the FY2004 amended budget amount of \$2.8 million is directly attributed to receiving a one-time allocation of new revenue from the FDOT to fund mitigation for road projects reviewed and permitted by the District.

#### **Florida Fish and Wildlife Conservation Commission (FFWCC): \$2,000,000**

The District expects to receive a \$2 million grant from the FFWCC for Lake Trafford restoration. This revenue projection assumes the same level of funding from the FFWCC as budgeted in FY2004. Lake Trafford is an ecologically and economically important water body in southwest Florida. In recent years, the lake has become threatened by increasingly high nutrient levels, resulting in hydrilla infestation and several fish kills. The funding received from the FFWCC will be applied towards lake restoration efforts.

#### **Other State Grants and Cooperative Agreements: \$430,000**

Each year, the District applies for and receives grants from a variety of different state sources. In the FY2005 budget, state grants totaling approximately \$0.4 million are expected from the FDEP for the following projects:

- Caloosahatchee water quality assessment
- Florida Coastal Management Program — Biscayne Bay
- Right-of-way restoration projects

This revenue projection represents a 100 percent increase over the FY2004 amended budget because the category did not exist in the prior fiscal year.

### **Local: \$24,041,000**

Estimated revenues from various local sources total approximately \$24 million, which is \$19.9 million higher than the FY2004 amended budget of \$4.1 million. The basis for the increase is related directly to an anticipated one-time funding allocation of \$20 million for a land acquisition agreement with Martin County. This projection assumes the District will receive revenues based on grants or cooperative agreements from counties and local agencies.

#### **Collier County: \$2,000,000**

The revenue projection assumes that \$2 million in new funding will be received from Collier County for Lake Trafford restoration activities. This is in addition to the anticipated grant from the FFWCC.



**Martin County: \$20,000,000**

For FY2005, the District expects to receive \$20 million from Martin County as reimbursement of land acquisition costs.

**Florida Inland Navigation District (FIND): \$2,000,000**

The District expects to receive \$2 million from FIND as reimbursement for the Miami River-Dredging Grant.

**Other Local Grants/Agreements: \$41,000**

The remaining projected local revenue assumes that funds will be received from various grants and cost-sharing agreements with Miami-Dade, Jupiter Isle and Cape Coral.

**Investment Earnings: \$8,770,063**

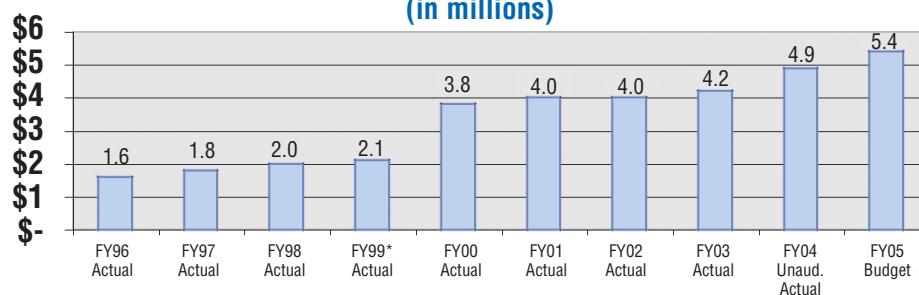
The FY2005 investment earnings estimate of \$8.8 million is affected by a slightly higher average interest rate and by any changes resulting from individual District funds' available balances. During the fiscal year, the District's Treasurer reviews actual investment earnings and any revisions to the revenue projection are made accordingly. This projection is higher by approximately \$0.6 million than the FY2004 amended budget of \$8.2 million, based on the factors mentioned above.

**Licenses, Permits and Fees: \$9,573,712**

This category totals \$9.6 million in anticipated revenues for FY2005, which is a net of \$3.9 million less than the FY2004 amended budget of \$13.5 million. Revenue assumption is based on historical data, collection rate, ongoing agreements and information provided by District staff. Wetland and Lake Belt mitigation permit fees represent approximately \$3.8 million, or 40 percent of the category's total estimated revenues. This projected amount is lower than FY2004 by \$4.7 million. Staff calculations estimate surface-water management, water use, and right-of-way permit fees to total \$5.4 million or \$0.5 million more than the FY2004 amended budget. Right-of-way fees are received for the release of District canal, mineral and right-of-way reservations.

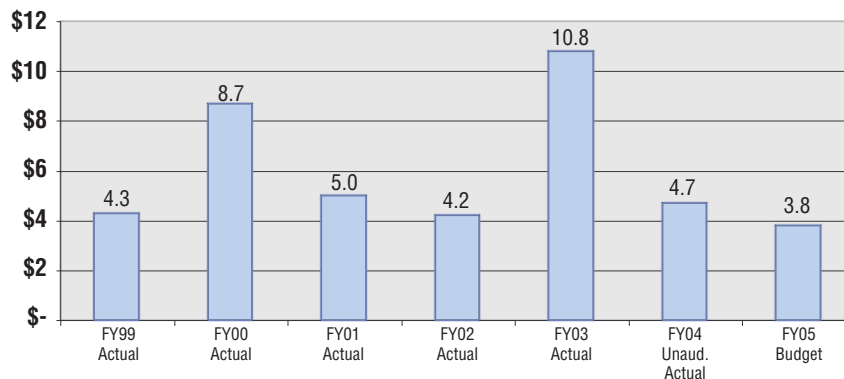
The remaining \$0.3 million in revenue is anticipated from the sale of the Everglades and Indian River Lagoon license plate tags. The \$0.2 million in revenue generated from the Everglades license tag must be used for Everglades Restoration and related research projects. The \$0.1 million in revenue derived from the Indian River Lagoon license tag will be used for restoration and environmental education projects within the Indian River Lagoon watershed. This is an increase of \$0.2 million from the FY2004 amended budget level, which is related directly to the amount of sales included in the FY2005 budget revenue projections.

**Permit Revenues**  
**FY1996 through FY2005**  
 (in millions)



\* New permit fees were implemented in November 1999.

## Mitigation Revenues FY1999 through FY2005 (in millions)



### Other Miscellaneous: \$25,698,243

Included in this category are three main revenue types: self-insurance premiums, leases and sale of District property. The total of these sources is projected to be approximately \$25.7 million, and is expected during FY2005. This represents an increase of \$19.7 million from the previous fiscal year of \$6 million. The basis for the net increase in projected revenue is mainly attributed to projected sale of District real property, estimated at \$20 million.

The projected self-insurance premium cost of \$3.9 million is based on cost allocation formulas that distribute insurance and administrative expenses to user departments within the District. Lease revenues of \$1.7 million are based on historical trends relating to long-term cattle grazing and current agricultural leases on lands owned by the District. Included in the lease revenue projection is \$75,000 generated by the day care center lease. (The District offers on-site daycare to its employees at its headquarters office in West Palm Beach.) This amount is based on a contract between the current daycare operator and the District.

In FY2005, the District anticipates receiving a one-time allocation of funds from the sale of surplus real property for land acquisition in North Palm Beach County.

The last revenue source in this category is the sale of surplus tangible property, which is projected at less than \$0.1 million. The revenue estimate is based on historical data regarding surplus equipment and vehicle sales, and assumes there will be fewer items to sell at auction during FY2005.

### Other Financing Sources: \$5,965,150

This revenue category includes capital leasing and bank loan proceeds. In FY2005, the revenue projection of approximately \$6 million assumes \$1.4 million will be received as part of the District's alternative financing program for purchasing field equipment through a capital leasing arrangement. It is also assumed that a bank loan for \$4.6 million will be obtained to cover the cost of the E-Quest project. The field equipment includes such capital items as an excavator, a front-loader and a towboat. The E-Quest project is the means by which the District will fulfill its goal of upgrading/changing its financial and other business-related software applications.

This revenue estimate represents approximately the same level as the FY2004 amended budget amount.

### Fund Balance: \$60,327,016

The last revenue category is comprised of various undesignated fund balance amounts from prior fiscal years. An undesignated fund balance is defined as financial resources available for future spending or appropriation. The revenue projection of approximately \$60.3 million assumes this amount will be available from fund balances as a designated financing source for the FY2005 budget. This projected amount is \$39 million less than the FY2004 amended budget of \$99.3 million. Several factors affect how much fund balance is available to re-budget each fiscal year. Various factors affect availability of fund balances. These include delays in project schedules and/or the shifting of priorities, and changes in estimates on certain types of expenditures.

# Summary of Estimated Financial Sources and Uses

Actual FY2003 through Projected FY2005

SOURCES	Major Funds					
	General Fund			Okeechobee Basin		
Revenue Type	FY03 Actual	FY04 Unaudited Actual	FY05 Projected	FY03 Actual	FY04 Unaudited Actual	FY05 Projected
Ad Valorem Property Taxes	\$122,871,881	\$138,283,638	\$156,354,560	\$123,493,809	\$138,494,677	\$156,862,153
Agriculture Privilege Taxes	-	-	-	-	-	-
Intergovernmental Revenue	200,854	131,604	-	417,919	1,515,309	725,755
Investment Earnings	2,280,217	2,032,981	2,333,048	2,201,132	1,918,359	2,528,109
Licenses, Permits and Fees	4,012,591	4,775,185	5,312,275	197,645	163,255	109,000
Other	7,314,516	8,007,958	92,500	931,060	157,117	52,500
Other Financing Sources						
Bond Proceeds/Escrow Payments	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Capital Leases	311,478	65,928	-	867,949	1,167,653	1,216,300
Loan Proceeds	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$136,991,537</b>	<b>\$153,297,294</b>	<b>\$164,092,383</b>	<b>\$128,109,514</b>	<b>\$143,416,370</b>	<b>\$161,493,817</b>
Fund Balance Designated	\$4,842,279	\$3,869,380	\$9,699,938	\$11,453,970	\$5,410,051	\$12,968,123
<b>Total Sources and Balances</b>	<b>\$141,833,816</b>	<b>\$157,166,674</b>	<b>\$173,792,321</b>	<b>\$139,563,484</b>	<b>\$148,826,421</b>	<b>\$174,461,940</b>
Operating Transfers (Net)	(\$44,349,534)	(\$45,569,828)	(\$52,768,076)	(\$57,060,681)	(\$48,963,468)	(\$77,781,973)
<b>GRAND TOTAL SOURCES</b>	<b>\$97,484,282</b>	<b>\$111,596,846</b>	<b>\$121,024,245</b>	<b>\$82,502,803</b>	<b>\$99,862,953</b>	<b>\$96,679,967</b>

USES						
<b>District Programs:</b>						
Land Stewardship	\$35,059	\$65,831	\$185,855	\$1,759,694	\$2,026,555	\$1,011,897
District Everglades	3,342,290	2,534,482	-	1,002,428	578,581	-
Operations and Maintenance	10,032,985	9,680,492	10,545,962	52,174,121	52,046,245	64,593,593
Water Supply	11,672,125	9,824,483	17,122,928	359,319	132,003	127,910
Kissimmee Restoration	207,366	1,226,202	1,529,401	6,674,676	6,915,331	12,673,767
Regulation	13,507,090	13,471,108	16,253,206	82,004	129,672	-
Lake Okeechobee	1,057,046	937,422	1,851,059	4,726,363	4,135,952	4,855,201
Coastal Watersheds	3,183,142	2,891,291	6,253,457	2,096,292	3,310,346	1,669,372
Mission Support	52,145,690	57,678,318	67,282,377	8,812,755	9,377,693	11,748,227
Comprehensive Everglades Restoration Plan	-	36	-	166,801	25,380	-
<b>GRAND TOTAL USES</b>	<b>\$95,182,793</b>	<b>\$98,309,665</b>	<b>\$121,024,245</b>	<b>\$77,854,453</b>	<b>\$78,677,758</b>	<b>\$96,679,967</b>
<b>SOURCES OVER USES</b>	<b>\$2,301,489</b>	<b>\$13,287,181</b>	<b>\$0</b>	<b>\$4,648,350</b>	<b>\$21,185,195</b>	<b>\$0</b>

# Summary of Estimated Financial Sources and Uses *Continued*

Actual FY2003 through Projected FY2005

SOURCES	Major Funds								
	State Appropriations			Everglades Restoration			CERP		
	FY03 Actual	FY04 Unaudited Actual	FY05 Projected	FY03 Actual	FY04 Unaudited Actual	FY05 Projected	FY03 Actual	FY04 Unaudited Actual	FY05 Projected
Ad Valorem Property Taxes	\$0	\$0	\$0	\$39,550,278	\$44,151,734	\$50,115,704	\$0	\$0	\$0
Agriculture Privilege Taxes	-	-	-	12,877,531	12,236,751	12,242,934	-	-	-
Intergovernmental Revenue	33,279,432	1,452,412	30,765,920	2,000,000	2,000,000	2,151,462	20,967	1,573,710	-
Investment Earnings	582,234	261,106	-	1,184,095	1,012,926	1,322,156	1,499,546	772,253	1,635,000
Licenses, Permits and Fees	-	-	-	-	-	-	-	-	-
Other	4,903	-	-	421,799	29,512	-	177,798	244,947	-
Other Financing Sources									
Bond Proceeds/Escrow Payments	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	315,513	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$33,866,569</b>	<b>\$1,713,518</b>	<b>\$30,765,920</b>	<b>\$56,033,703</b>	<b>\$59,430,923</b>	<b>\$65,832,256</b>	<b>\$2,013,824</b>	<b>\$2,590,910</b>	<b>\$1,635,000</b>
Fund Balance Designated	\$0	\$15,670,989	\$0	\$8,029,160	\$9,905,821	\$3,101,981	\$60,000,000	\$680,678	\$0
<b>Total Sources and Balances</b>	<b>\$33,866,569</b>	<b>\$17,384,507</b>	<b>\$30,765,920</b>	<b>\$64,062,863</b>	<b>\$69,336,744</b>	<b>\$68,934,237</b>	<b>\$62,013,824</b>	<b>\$3,271,588</b>	<b>\$1,635,000</b>
Operating Transfers (Net)	\$3,360	\$0	\$0	(\$6,823,303)	(\$8,902,236)	(\$13,419,426)	\$68,178,328	\$76,867,625	\$90,177,674
<b>GRAND TOTAL SOURCES</b>	<b>\$33,869,929</b>	<b>\$17,384,507</b>	<b>\$30,765,920</b>	<b>\$57,239,560</b>	<b>\$60,434,508</b>	<b>\$55,514,811</b>	<b>\$130,192,152</b>	<b>\$80,139,213</b>	<b>\$91,812,674</b>

USES									
<b>District Programs:</b>									
Land Stewardship	\$0	\$0	\$0	\$0	\$0	\$0	\$13,714	\$4,494	\$0
District Everglades	-	-	500,000	57,395,933	33,011,437	55,514,811	-	-	-
Operations and Maintenance	14,639,051	8,878,940	10,000,000	-	-	-	-	-	-
Water Supply	1,036,182	3,557,508	20,000	-	-	-	-	200,000	-
Kissimmee Restoration	-	339,372	750,000	-	-	-	-	8,143,102	-
Regulation	1,414,400	134,162	-	-	1,323	-	-	-	-
Lake Okeechobee	36,250	308,436	138,750	-	-	-	-	5,840	-
Coastal Watersheds	1,582,025	4,868,047	15,357,170	-	-	-	-	-	-
Mission Support	-	-	-	-	467	-	-	-	-
Comprehensive Everglades Restoration Plan	6,403,113	245,182	4,000,000	-	-	-	91,253,319	53,906,955	91,812,674
<b>GRAND TOTAL USES</b>	<b>\$25,111,021</b>	<b>\$18,331,647</b>	<b>\$30,765,920</b>	<b>\$57,395,933</b>	<b>\$33,013,227</b>	<b>\$55,514,811</b>	<b>\$91,267,033</b>	<b>\$62,260,391</b>	<b>\$91,812,674</b>
<b>SOURCES OVER USES</b>	<b>\$8,758,908</b>	<b>(\$947,140)</b>	<b>\$0</b>	<b>(\$156,373)</b>	<b>\$27,421,281</b>	<b>\$0</b>	<b>\$38,925,119</b>	<b>\$17,878,822</b>	<b>\$0</b>

Major Funds			Non-Major Funds					
Save Our Everglades Trust			Other Government Funds			ALL FUNDS		
FY03 Actual	FY04 Unaudited Actual	FY05 Projected	FY03 Actual	FY04 Unaudited Actual	FY05 Projected	FY03 Actual	FY04 Unaudited Actual	FY05 Projected
\$0	\$0	\$0	\$9,261,250	\$10,741,281	\$12,038,767	\$295,177,218	\$331,671,330	\$375,371,184
-	-	-	-	-	-	\$12,877,531	\$12,236,751	\$12,242,934
63,988,430	122,264,093	134,411,135	113,792,463	64,380,395	126,297,418	\$213,700,065	\$193,317,523	\$294,351,690
29,426	2,440	-	2,756,329	2,374,842	951,750	\$10,532,979	\$8,374,907	\$8,770,063
-	-	-	11,281,870	4,908,113	4,152,437	\$15,492,106	\$9,846,553	\$9,573,712
1,457,860	165,267	-	3,955,465	5,302,858	25,553,243	\$14,263,401	\$13,907,659	\$25,698,243
-	-	-	34,550,000	-	-	\$34,550,000	\$0	\$0
-	-	-	2,460,629	-	-	\$2,460,629	\$0	\$0
-	-	-	5,060	165,845	156,000	\$1,500,000	\$1,399,426	\$1,372,300
-	-	-	4,827,374	-	4,592,850	\$4,827,374	\$0	\$4,592,850
<b>\$65,475,716</b>	<b>\$122,431,800</b>	<b>\$134,411,135</b>	<b>\$182,890,440</b>	<b>\$87,873,334</b>	<b>\$173,742,465</b>	<b>\$605,381,303</b>	<b>\$570,754,149</b>	<b>\$731,972,976</b>
(\$2,833,344)	\$1,030,047	\$0	\$20,347,469	\$62,687,708	\$34,556,974	\$101,839,534	\$99,254,674	\$60,327,016
<b>\$62,642,372</b>	<b>\$123,461,847</b>	<b>\$134,411,135</b>	<b>\$203,237,909</b>	<b>\$150,561,042</b>	<b>\$208,299,439</b>	<b>\$707,220,837</b>	<b>\$670,008,823</b>	<b>\$792,299,992</b>
\$5,720,329	(\$39,750)	\$0	\$34,331,501	\$26,607,657	\$53,791,801	\$0	\$0	\$0
<b>\$68,362,701</b>	<b>\$123,422,097</b>	<b>\$134,411,135</b>	<b>\$237,569,410</b>	<b>\$177,168,699</b>	<b>\$262,091,240</b>	<b>\$707,220,837</b>	<b>\$670,008,823</b>	<b>\$792,299,992</b>

\$0	\$0	\$0	\$91,904,374	\$45,782,224	\$55,911,154	\$93,712,841	\$47,879,104	\$57,108,906
-	-	-	18,289,621	18,864,844	13,186,759	\$80,030,272	\$54,989,344	\$69,201,570
-	-	-	38,354,140	20,896,529	60,377,441	\$115,200,297	\$91,502,206	\$145,516,996
-	-	-	4,220,825	3,307,339	6,134,963	\$17,288,451	\$17,021,333	\$23,405,801
-	-	-	5,610,359	28,904,004	33,255,000	\$12,492,401	\$45,528,011	\$48,208,168
-	-	-	1,486	2,218	266,200	\$15,004,980	\$13,738,483	\$16,519,406
-	-	-	6,234,608	5,573,619	14,165,171	\$12,054,267	\$10,961,269	\$21,010,181
-	-	-	608,060	1,605,470	6,948,072	\$7,469,519	\$12,675,154	\$30,228,071
-	-	-	12,842,573	13,397,614	17,071,986	\$73,801,018	\$80,454,092	\$96,102,590
61,276,570	129,362,518	134,411,135	17,436,010	19,668,742	54,774,494	\$176,535,813	\$203,208,813	\$284,998,303
<b>\$61,276,570</b>	<b>\$129,362,518</b>	<b>\$134,411,135</b>	<b>\$195,502,056</b>	<b>\$158,002,603</b>	<b>\$262,091,240</b>	<b>\$603,589,859</b>	<b>\$577,957,809</b>	<b>\$792,299,992</b>
\$7,086,131	(\$5,940,421)	\$0	\$42,067,354	\$19,166,096	\$0	\$103,630,978	\$92,051,014	\$0

## Changes in Total Fund Balances

Actual FY2004 through Projected FY2005

CHANGES IN TOTAL FUND BALANCES	General Fund	Okeechobee Basin	State Appropriations	Everglades Trust Fund
<b>FY2004</b>				
Actual Beginning Fund Balance 10/01/03	33,946,634	29,115,477	48,668,125	19,734,927
Total Revenues	153,231,367	142,248,717	1,713,518	59,430,923
Total Expenditures	(102,509,904)	(81,100,049)	(19,570,525)	(38,427,562)
Total Other Financing Sources (Uses)	(45,503,900)	(47,795,815)	-	(8,902,236)
Actual Unaudited Ending Fund Balance 9/30/04	39,164,197	42,468,330	30,811,118	31,836,052
<b>FY2005</b>				
Projected Beginning Fund Balance 10/01/04	39,164,197	42,468,330	30,811,118	31,836,052
Total Revenues	164,092,383	160,277,517	30,765,920	65,832,256
Total Expenditures	(121,024,245)	(96,679,967)	(30,765,920)	(55,514,811)
Total Other Financing Sources (Uses)	(52,768,076)	(76,565,673)	-	(13,419,426)
Projected Ending Fund Balance 9/30/05	29,464,259	29,500,207	30,811,118	28,734,071
Projected Dollar Change in Fund Balance	(9,699,938)	(12,968,123)	-	(3,101,981)
<b>PROJECTED PERCENTAGE CHANGE IN FUND BALANCE</b>	<b>-24.8%</b>	<b>-30.5%</b>	<b>0.0%</b>	<b>-9.7%</b>

CHANGES IN TOTAL FUND BALANCES	CERP	Save Our Everglades	Other Governmental Funds	Total Governmental Funds
<b>FY2004</b>				
Actual Beginning Fund Balance 10/01/03	50,769,137	7,086,153	151,289,068	340,609,521
Total Revenues	2,590,910	122,431,800	87,707,489	569,354,724
Total Expenditures	(71,991,117)	(129,913,127)	(161,923,044)	(605,435,328)
Total Other Financing Sources (Uses)	76,867,625	(39,750)	26,773,502	1,399,426
Actual Unaudited Ending Fund Balance 9/30/04	58,236,555	(434,924)	103,847,015	305,928,343
<b>FY2005</b>				
Projected Beginning Fund Balance 10/01/04	58,236,555	(434,924)	103,847,015	305,928,343
Total Revenues	1,635,000	134,411,135	168,993,615	726,007,826
Total Expenditures	(91,812,674)	(134,411,135)	(262,091,240)	(792,299,992)
Total Other Financing Sources (Uses)	90,177,674	-	58,540,651	5,965,150
Projected Ending Fund Balance 9/30/05	58,236,555	(434,924)	69,290,041	245,601,327
Projected Dollar Change in Fund Balance	-	-	(34,556,974)	(60,327,016)
<b>PROJECTED PERCENTAGE CHANGE IN FUND BALANCE</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-33.3%</b>	<b>-19.7%</b>

### General Fund

The anticipated decrease of 24.8 percent or \$9.7 million is the result of projected increases in personnel services costs related to salaries and benefits; and contractual services, such as local government agreements, IT services and science/engineering services.

### Okeechobee Basin Fund

The estimated decrease of 30.5 percent or \$13 million was due primarily to an increase in funding for the Operations and Maintenance Program (as part of FY2005 District's Strategic Plan and funding priorities) for refurbishments to the regional flood control system, and for personnel costs related to salaries and benefits.

### Everglades Trust Fund

The projected fund balance is estimated to decrease by 9.7 percent or \$3.1 million by the end of FY2005. The fund balance reduction is due to expenditure increases in Everglades Construction Plan operations and maintenance activities, and Long-Term Plan requirements.

### Other Governmental Funds

The estimated decrease of 33.3 percent or \$34.6 million was due to an increase in expenditures, attributable to Alternative Water Supply grants, Florida Bay projects, land acquisition projects, wetlands mitigation activities and several capital projects scheduled in Big Cypress Basin and at the District's headquarters.

## Debt Summary

The District's outstanding bond and bank loan debts are \$80,153,797, as of the end of fiscal year 2004. This total includes the following debts:

- Special Obligation Land Acquisition Refunding Bonds, Series 1995: \$5,170,000
- Special Obligation Land Acquisition Refunding Bonds, Series 2002: \$23,810,000
- Special Obligation Land Acquisition Refunding Bonds, Series 2003: \$34,550,000
- Commercial Bank Debt: \$16,623,797

The District finances the acquisition of environmentally sensitive lands with funding from Special Obligation Land Acquisition Bonds. In an effort to save money on long-term borrowing, the District refunded outstanding series 1993 and 1996 Special Obligation Land Acquisition Bonds in FY2002 and FY2003. The District's Special Obligation Bonds are highly rated by bond rating companies. District bonds are rated AAA/A+ by Standard & Poors, AAA/A- by Fitch Ratings and Aaa/A1 by Moody's Investors Service. The District strives to maintain this superior bond rating for its obligation, which facilitates favorable borrowing costs. A bond rating is a statement to investors of the investment quality of bonds. It is based on economic, financial and managerial condition of an agency.

Two bank loans for \$10 million each and one for \$9 million funded the construction of capital projects. An emergency operations center, a field operations center and a service center in Fort Myers were all acquired with the first bank loan, which was obtained in 1998. The second and third loans funded the construction of an office building at the West Palm Beach headquarters during FY2000-02. In FY2003, the District borrowed \$4,827,374 for the telemetry system analog-to-digital conversion project.

The following table details the District's current debt and its impact on the FY2005 operating budget:

### Impact on Current Operating Budget

Existing Debt	Original Issue	Outstanding 9/30/04	Fiscal Year Maturity	Principal FY2005	Interest FY2005	Total FY2005 Requirements
<b>Non-Major Funds</b>						
1995 Refunding	\$17,975,000	\$5,170,000	2005-2007	\$2,125,000	\$203,250	\$2,328,250
2002 Refunding	23,810,000	23,810,000	2005-2016	770,000	776,022	1,546,022
2003 Refunding	34,550,000	34,550,000	2005-2016	365,000	1,604,158	1,969,158
Bank Loans	37,554,630	11,796,423	2005-2011	4,477,292	454,936	4,932,228
<b>SUBTOTAL</b>	<b>113,889,630</b>	<b>75,326,423</b>		<b>7,737,292</b>	<b>3,038,366</b>	<b>10,775,658</b>
<b>Major Fund – Okeechobee Basin</b>						
Bank Loans	4,827,374	4,827,374	2005-2011	689,625	167,746	857,371
<b>TOTAL</b>	<b>\$118,717,004</b>	<b>\$80,153,797</b>		<b>\$8,426,917</b>	<b>\$3,206,112</b>	<b>\$11,633,029</b>

### Future Debt and Implications for the Budget

Substantial capital requirements are anticipated for the construction of the accelerated CERP projects (Acceler8). The District is in the process of planning debt issuance to support these efforts. The debt will be in the form of Certificates of Participation (COPs), which are authorized as a District financing mechanism by F.S. 373.584. The first issuance of this debt is not anticipated until FY2006.

The District's Governing Board ratified a Memorandum of Agreement (MOA) with the Executive Office of the Governor (EOG) on October 14, 2004. The MOA provides specific guidelines for the issuance and management of this debt. These guidelines include:

1. The acceleration of CERP projects shall not result in an increase in state funding or in the millage rates levied by the District.



2. Each accelerated project shall be subject to the review and approval of the EOG.
3. The borrowing shall be consistent with the District's debt management policies.
4. The District's debt management policies shall be amended to limit debt service associated with long-term debt to no more than 20 percent of the available ad valorem revenues, related interest thereon, and permit fee revenues.

The District's existing debt management policy is being modified to comply with guideline 4.

It is anticipated that the debt for these projects will be issued in approximately five increments over a three-year period to support the construction of separate and distinct projects. Design efforts for these CERP projects, as well as other non-accelerated projects, will be paid from current revenues and accumulated reserves. Land acquisition will continue to be funded primarily by Florida's Save Our Everglades Trust Fund.

It is anticipated that the debt service for the COPs will be paid from the \$100 million in ad valorem revenues committed to CERP annually. The remaining CERP projects (i.e., the non-accelerated projects) will be funded through a combination of fund balance, tax roll growth and renegotiation of agreements with the District's federal partner, the U.S. Army Corps of Engineers.

The following table details scheduled debt payments on existing bonds and bank loans for future budget years:

#### Future Debt Service Requirements on Existing Debt

	Fiscal Year	Principal	Interest	Total Requirements
<b>Bonds</b>				
	2006	\$4,500,000	\$2,444,126	\$6,944,126
	2007	4,660,000	2,303,401	6,963,401
	2008	4,785,000	2,143,086	6,928,086
	2009	4,975,000	1,940,171	6,915,171
	2010-2014	28,245,000	6,282,251	34,527,251
	2015-2016	13,105,000	634,738	13,739,738
<b>Total</b>		<b>\$60,270,000</b>	<b>\$15,747,773</b>	<b>\$76,017,773</b>
<b>Bank Loans</b>				
	2006	\$3,577,803	\$417,919	\$3,995,722
	2007	3,704,587	265,334	3,969,921
	2008	2,105,615	128,578	2,234,193
	2009	689,625	64,539	754,164
	2010	689,625	38,738	728,363
	2011	689,625	12,936	702,561
<b>Total</b>		<b>\$11,456,880</b>	<b>\$928,044</b>	<b>\$12,384,924</b>
<b>TOTAL ALL DEBT</b>		<b>\$71,726,880</b>	<b>\$16,675,817</b>	<b>\$88,402,697</b>

#### Debt Limits

The District is not legally restricted as to the amount of debt that can be issued. Guidelines on debt limits are included in the District's debt policy. The District is within debt limits set by the current policy.